**REMARKS**

Claims 1, 8-10, and 15 have been amended, and claims 6-7, 11-14, and 24-38 have been canceled. Claims 39-40 have been added as new claims. Upon entry of the amendments, claims 1-5, 8-10, 15-23, and 39-40 will be pending. Support for the new claims and amendments can be found throughout the specification and claims as originally filed. No new matter has been added. Applicants submit that the pending claims are patentable for the reasons set forth below.

### *Section 101 Rejections*

In the Office Action, claims 1-23 stand rejected under 35 U.S.C. § 101 because the claimed invention is purportedly directed to non-statutory subject matter. Applicants have amended the claims of the present application to address this rejection. Claim 1 has been amended to state that a balance value is determined, an as-on value is determined, and an as-off value is determined by a computer system. Also, claim 1 has been amended to clarify that an activity record is posted in a database that is in communication with the computer system via a network. Claims 1 satisfies § 101 because it is tied to a particular machine. *See In re Bilski* (Fed. Cir. 2008)(*en banc*) slip op. at 10.

### *Section 102(a) Rejections*

In the Office Action, claims 1-23 stand rejected under 35 U.S.C. § 102(a) as being anticipated by a U.S. patent application to Hoffman et al. (2002/0111891).

As mentioned above, claims 6-7 and 11-14 have been canceled. Claim 1 has been amended to include the features of now canceled claims 6-7 and 11-12. As amended, claim 1 now recites:

A computer-implemented method for operating on data representing an account, the method comprising:

setting an activity date for an activity having an accounting impact;

determining, by a computer system, a balance value corresponding to net sum of activity for the activity date;

setting an accounting impact date corresponding to latest accounting impact date among all journals affecting the balance value;

setting a journal activity date corresponding to latest processing among all journals affecting the balance value;

determining, by the computer system, an as-on value for the account for a given date, wherein determining the as-on value comprises summing balance values for all dates up to and including the given date using a computer system;

determining, by the computer system, an as-of value for the account for the given date, wherein determining the as-of value comprises summing balance values, adjustment values, and compensating values for all dates up to and including the given date using a computer system; and

posting, in a database connected to the computer system via a network, an activity record representing account activity, wherein the activity record includes the activity date, the balance value, the accounting impact date, and the journal activity date.

The Office has cited Hoffman as anticipating claims 1-23. Hoffman relates to a method "for reporting the state of a portfolio of financial instruments based upon a user driven, matrix of criteria." Hoffman at ¶[0003]. The device of Hoffman values hedge transactions to be marked to market. For example, as stated in Hoffman:

...accounting standard boards now require that positions in such instruments be marked to market. This means that firms are required to price each instrument according to its present fair value, and that value reported on the books and records of the firm, for the protection of the firm's investors and potential partners...Such strategies are accommodated by the method of the present invention.

Hoffman at ¶[0038]. Hoffman further states:

> The present invention provides a means of measuring the effectiveness of hedging trades, an of separating from the complete hedging positions only the amounts that must be reported in cases of excess profit or loss, an of generating only those journal entries required to update the Income account such that it is in compliance with regulatory reporting, all within a single continuous process.

Hoffman at ¶[0040]. Hoffman adjusts the marked to market value of hedge transactions during the life of the hedge transactions based on the market value of the securities underlying the transaction.

In contrast, amended claim 1 discloses a method for operating on data representing an account, and the method comprises obtaining <u>both</u> an as-on value and an as-of value for the account for a given date. This allows the user to view an account balance on a given day with or without back-dated transactions accounted for in the account balance. As-on and as-of values are defined in paragraph 21 of the present application

> An as-on position or balance is the value as it was known at the end of the given processing date. An as-of position or balance is the value in effect on a given date taking into consideration all relevant adjustments, including those that were applied subsequent to that date.

Hoffman does not disclose or suggest determining as-on or as-of positions. The Office Action cites various paragraphs of Hoffman as allegedly disclosing these features, but the Office's analysis is factually erroneous.

First, the Office cited numerous passages of Hoffman (including (i) paragraph 54, lines 1-4, (ii) paragraph 86, lines 1-7, (iii) paragraph 122, lines 17-20, and (iv) claim 1) as showing obtaining the as-of value (which was recited in now-canceled claims 6-7 and now incorporated in claim 1). These cited passages, however, do not disclose obtaining an as-on position. The paragraphs of Hoffman merely disclose obtaining a life-to-date value, which does not correspond

to the claimed as-on value. The life-to-date value obtained by the device of Hoffman involves

the marked to market value of the hedge transaction. For example, Hoffman describes the life-

to-date value as:

> It is noted that in the calculation of the value of the instruments, the term "life-to date data," used herein, refers to data on the instrument that begins with the implementation of the trade…

Hoffman at ¶ [0054].

> The following example gives an idea of how the journal entry process works. For this example, we can use the "Swap Interest Payable" subledger account (the balance associated with this account represents the sum of all debit and credit journal entries dealing with interest payable on a particular swap position, life-to-date)…

Hoffman at ¶ [0086].

> The variable/value pairs define a wide variety of detailed financial information, including information on the present values of the instruments and information on the life to date totals.

Hoffman at ¶ [0122].

The as-on value of the present application is the balance as it was known at the end of a

given date at the given date's prices for that account, whereas the life-to-date value disclosed in

Hoffman takes into account the present value of the instruments in the hedge account. In other

words, the as-on value of the present application for a particular account on a particular date

stays the same, whereas the life-to-date value of an account in Hoffman adjusts over time given

the market value of the instruments within the hedge account. They are, therefore, different.

Second, the Office cited numerous passages of Hoffman (including (i) paragraph 46, lines

14-25 and (ii) paragraph 76) as showing the as-of value (which was recited in now-canceled

claims 11-12 and now incorporated in claim 1). These passages, however, do not disclose

obtaining an as-of value. Instead, the cited paragraphs of Hoffman simply recite examples of

trade data and instrument data which cannot be construed as an as-of value. In particular,

Hoffman, at paragraph 46, lines 14-25, states:

> Examples of trade data could include the name of the instrument
> traded, the quantity, the internal account (the instrument's owner,
> from an internal perspective), the counterparty, the trade date, the
> settle date, the price, allocations to strategies, and other elements
> peculiar to trades involving complex financial instruments.
> Examples of instrument data could include the start date and
> maturity date of the instrument, the interest rate for one or both
> sides, the frequency of coupon payments, the schedules for
> amortizing or accreting principals an other elements peculiar to
> complex financial instruments.

Hoffman further discloses generating variable/value pairs from the trade date and the settlement

date perspective which clearly are not as-of values. Hoffman at ¶ [0076]. Hoffman further

discloses the potential value to the firm by generating accounting data from each side of the

transactions perspective, stating at paragraph 76:

> In accordance with the present invention, variable/value pairs are
> generated from both the trade date perspective (from the date on
> which an instrument was traded, such that ownership was
> transferred, or the date when a cash flow position was first
> acquired) and settlement date perspective (from the date on which
> all funds required to purchase the instrument were transferred from
> buyer to seller, and the initial trade transaction terms are
> considered, by both parties, to have been met). <u>Generating
> variable/value pairs from both perspectives accommodates firms
> that desire accounting from one or the other date's perspective, or
> from both.</u>

This is not the same as obtaining an as-of value as recited in amended claim 1 because the as-of

value of the present application is the value of the account on a given date including all

adjustments to the account including adjustments made subsequent to the given date, whereas the

variable value pairs of Hoffman are designed to take into account the accounting of the parties of

on opposite sides of the transaction. The as-of value of the present application does not concern

the perspective of the party on the opposite side of the transaction.

Accordingly, Hoffman does not disclose every element of amended claim 1. For example, Hoffman fails to show the following steps of claim 1:

> obtaining…an as-on value for the account for a given date, wherein obtaining the as-on value comprises summing balance values for all dates up to and including the given date…;

> obtaining…an as-of value for the account for the given date, wherein obtaining the as-of value comprises summing balance values, adjustment values, and compensating values for all dates up to and including the given date…;

Rather Hoffman discloses a method for adjusting the marked to market value of hedge transactions during the life of the hedge transactions based on the market value of the securities underlying the transaction. Hoffman provides access to current market rates and historical market rates regarding the securities underlying the transaction. *See* Hoffman at ¶46.

In light of the fundamental differences, Applicants submit that independent claim 1 and its dependent claims are not anticipated by Hoffman.

## CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application, as either amended or initially presented in this response, are in condition for allowance. Applicants' present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining

concerns, the Examiner is invited to contact the undersigned at the telephone number set forth

below so that such concerns may be expeditiously addressed.

Respectfully submitted,

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